



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

September 26, 2008

Lorin Young, V.P. Administration
Veterinary Pet Insurance
3060 Saturn Street
Brea, CA 92821

Dear Mr. Young:

RE: Final Monitoring Report for Veterinary Pet Insurance (VPI) - ET07-0142

Date of the Visit:	09/16/08
Beginning/Ending Time:	2:00 p.m. – 3:30 p.m.
Date of Last Visit:	02/07/08
Visit Location:	Via teleconference
Persons in attendance:	Claudia Mino, Ph. D. Organization Design and Development Manager, for a portion of the meeting, VPI; Leslie Dostourian, Corporate Trainer, VPI; Robin Itzler, Administrative Assistant, VPI, and Carole Robinson, ETP Contract Analyst.
Action Required:	Suggested – see Page 2

CONTRACT INFORMATION:

Term of Agreement:	10/03/06 – 10/02/08	Agreement Amount:	\$472,500
Training Start Date:	10/23/06	No. to Retain:	350
Date Training must be Completed:	07/01/08	Range of Hours:	24 - 125
Type of Trainee:	Retrainee	Weighted Ave. Hours:	90

*SUMMARY OF ACTION
COMPLETED AS A RESULT OF
THIS VISIT:*

**Administrative Findings:
Attendance Rosters/Invoices: Pages 2 & 3**

SACRAMENTO CENTRAL OFFICE
1100 J Street, 4th Floor
SACRAMENTO, CA 95814
(916) 327-5640

N. HOLLYWOOD REGIONAL OFFICE
4640 Lankershim Blvd., Suite 311
NORTH HOLLYWOOD, CA 91602
(818) 755-1313

S.F. BAY AREA REGIONAL OFFICE
1065 East Hillsdale Blvd, Suite 415
FOSTER CITY, CA 94404
(650) 655-6930

SAN DIEGO REGIONAL OFFICE
5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
(619) 686-1920

www.etp.ca.gov
ETP (05/16/07)

ATTENDANCE ROSTERS:

Ms. Robinson reviewed class/lab attendance rosters for eight randomly selected trainees who are enrolled in Job 1. She compared the rosters to the Agreement's Curriculum and checked to ensure that each roster contained the necessary information required by ETP, under Title 22, California Code of Regulations, 4442. In addition, she compared the number of training hours in Harbor's tracking records for the eight retrainees selected with the number of training hours documented on the applicable Class/lab Rosters.

Ms. Robinson found that 44 of the 67 rosters reviewed for the eight selected retrainees did not contain the necessary information required by ETP. Information missing included one or more of the following: contractor name, Agreement number, training date, start/end time, type/topic of training, and total class/lab hours. In addition, one roster indicated that a trainee attended eight hours of training on 03/09/08, however, records show she was credited for four hours on 03/07/08. Ms. Robinson advised Ms. Dostourian and Ms. Itzler of these findings on 09/24/08 (via e-mail) with specific roster numbers and, if the roster was not numbered, the training date identified. Ms. Itzler agreed to enter any missing information for these rosters and correct the data entry error by 09/25/08.

On 09/25/08, Ms. Robinson received copies of the aforementioned Rosters with all of the ETP required information completed. In addition, she verified that the data entry error was corrected for the previously mentioned retrainee.

Suggested Corrective Action:

You are advised that a 100% review of all retrainee records is strongly suggested to ensure that all ETP required information is completed on each class/lab roster and the information is correctly entered into the ETP On-line tracking System.

INVOICES:

During preparation for this visit, Ms. Robinson reviewed VPI's Invoice #3 dated 08/26/08 and randomly selected eight retrainee names that were submitted for unearned Progress Payment 1 (Enrollment) and Progress Payment 2 (Completion). In addition, Ms. Robinson reviewed the ETP List of Pending Drops report for retrainees for retrainees VPI was instructed to drop who had not completed the minimum number of training hours (24) by the last date training could be delivered (07/01/08). She also reviewed the ETP Training Summary Report for All Trainees to determine the number of potential eligible hours of training delivered for reimbursement purposes.

Ms. Robinson noted that VPI submitted Invoice #3 for 211 retrainees of which 149 names were entered for unearned Progress Payment 1 and 62 for Unearned progress Payment #2. She also noted that the Invoice and the ETP List of Pending Drops reflected that no names had been entered for retrainees who did not complete the minimum number of training hours (24) by the last date training could be delivered. However, The ETP Training Summary Report for All Trainees dated 09/09/08 showed only 94 retrainees have completed at least 24 hours of Class/lab training of the 377 with training hours documented in the ETP On-line Tracking System. Based on this information VPI would have been eligible to receive \$81,705 if all other eligibility factors and terms of the Agreement were met for the 94 identified retrainees with at least 24 documented Class/lab hours.

To date, including Invoice #3 which was processed by ETP for \$78,996.75, VPI has received \$132,321.75 in unearned Progress payments. Based on the potential earnings of \$81,705, VPI faces an overpayment of \$50,616.75 plus prevailing interest because ETP was invoiced for Progress Payments for retrainees who did not meet the terms of the agreement.

On 09/15/08, Ms. Itzler located the \$78,996.75 reimbursement check for Invoice #3 and reported that it had been returned to the ETP Fiscal Manager, Kulbir Mayall. She also reported all retrainees who did not meet the terms of the agreement (299) were dropped. Ms. Robinson confirmed 299 trainees have been dropped and informed Ms. Itzler that there are additional retrainees that must be dropped who were enrolled but did not attend any ETP funded training. ETP Fiscal will reverse Invoice #3 once the aforementioned returned check has been processed and VPI will then be able to submit an invoice for any unearned progress and final payments not previously processed on Invoice numbers 1 and 2 for the 94 retrainees who meet the terms and conditions of the Agreement.

FINAL REPORT SUMMARY:

- **HISTORY OF AGREEMENT CHANGES**

The Agreement was executed on 12/11/06 and one revision request was processed as Modification #1. This modification revised the range of training hours from 35 – 125 to 24 – 125 and changed the percentage of Manager/Supervisors from 11% to 19%. These changes were made to reflect the company's actual training needs and correctly represent the number of Managers/Supervisors who would be participating.

- **INTERVIEW WITH COMPANY REPRESENTATIVES**

Ms. Itzler reported all training for this Agreement was completed on 06/11/08. She also informed Ms. Robinson that after taking over ETP administration responsibilities in December 2007, she experienced difficulty coordinating data entry for the On-line Tracking System and understanding ETP invoicing processes in conjunction with her other required job duties. As a result, VPI has had excessive administrative errors that had to be corrected as mentioned earlier in this report.

Ms. Mino reported that the majority of training delivered for the agreement focused on leadership for managers/supervisors in order to allow VPI to “trickle down” these concepts to frontline workers. She stated that prior to ETP funded training, there was a void in the relationship between management and frontline workers that included negativity and lack of trust. Company periodic Engagement Surveys that were conducted scored low in confidence and relationships were strained. However, after training was delivered, VPI's Engagement Surveys have scored improved performance in management leadership and relationships with frontline staff. Employees are also experiencing a less negative work environment and are now asking for more training rather than feeling they are forced to attend scheduled sessions. In addition, internal relationships, employee turnover, and the quality of work produced in the company's different business units improved as a result of employees now being able to “speak the same language”.

Ms. Dostourian and Ms. Mino informed Ms. Robinson that VPI did not earn and retain as many retrainees as projected because the initial number of training hours proposed by VPI's consultants during development of the Agreement was unrealistic. The training plan was based

on being told by the company's consultants that any company meeting time, regardless of the subject matter, could count toward class/lab training for ETP reimbursement purposes. In addition, the company faced difficulty pulling employees from the call center to attend training as they needed to be available for VPI incoming customer calls. Ms. Mino stated that VPI has moved forward with a pre-application for another ETP Agreement and will be proposing a much more realistic plan suited to meet the company's need to continue with leadership training for its frontline workers and other topics they were unable to deliver from the first Agreement.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Job Number	Number Started Training	Number Enrolled in Training	Number of Trainees Dropped (following enrollment)	Number of Trainees Completed Minimum Hours	Number of Trainees Completed all Training (in retention)	Number of Trainees Completed Retention
1	377	479	299	94	0	94

- According to contractor records as of the date of this report, VPI will retain 94 retrainees (27%) of the planned retentions. The aforementioned retrainees have completed a total of 5,447 hours of Class/lab training. Based on ETP records, VPI will be eligible for a total reimbursement of approximately \$81,705 (17% of the ETP encumbered funds) if all other conditions of ETP eligibility are met. Current records show that VPI received \$53,325 in unearned Progress Payments for Invoice numbers 1 and 2. See previous discussion under Invoices in this report regarding VPI's return of ETP funds for Invoice 3.
- VPI must drop any remaining retrainees who are enrolled but did not complete at least the minimum number of training hours (24) during closeout of the Agreement.
- Ms. Robinson informed those present that VPI must submit a closeout invoice for this agreement no later than 11/02/08.

SUBAGREEMENTS:

During previous visits, Ms. Dostourian provided copies of invoices for training provided by five vendors located in California. One of the vendors identified on the ETP Participating Subcontractor List, Ocean Consulting, was not retained for the provision of training as initially proposed during development. All required information regarding these subcontractors has been entered into the 100D in ETP's Online System.

AUDIT:

VPI will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit confirmation letters. To provide support of training, original training attendance documentation

is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

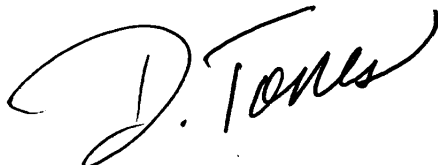
- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information contained in this letter, please contact Carole Robinson at CRobinson@ETP.ca.gov or (619) 686-4971, within ten (10) working days from the receipt date of this letter.

Sincerely,



Diana Torres, Manager
San Diego Field Office



Carole Robinson, Contract Analyst
San Diego Field Office

cc: Kulbir Mayall, ETP Fiscal Manager
Master File
SD Project File

Date report e-mailed to contractor: 09/30/08